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Internal Revenue Service

District Director

Department of the Treasury

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Person to Contact:

Telephone Number:

Refer Reply to:

Employer Identification Number:

Date: 00T 0 1 1993

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax under the provisions of section 501(c)(6) of the Internal Revenue Code of 1986 and its applicable Income Tax Regulations. Based on the available information, we have described that you do not qualify for the reasons set forth on Enclosure 7.

Consideration was given to whether you qualify for examption under other subsections of section 501(c) of the Code and we have consided that you do not.

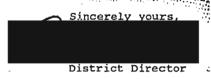
As your organization has not established exemption the income tax, it will be necessary for you to file an article to return on Form 1041 if you are a trust or Form 1120 if the case ration or an unincorporated association.

If you are in agreement with our proposed den ' parts sign and return one copy of the enclosed Form 6018, Consent Proposed Adverse Action.

You have the right to protest this proposed determination if you believe that it is incorrect. To protest, you should submit a written appeal giving the facts, law and other information to support your position as explained in the enclosed Publication 892, "Exempt Organizations Appeal Procedures for Unagreed Issues". The appeal must be submitted within 30 days from the date of this letter and must be signed by one of your principal officers. You may request a hearing with a member of the office of the Regional Director of Appeals when you file your appeal. If a hearing is requested, you will be contacted to arrange a date for it. The hearing may be held at the Regional Office, or, if you request, at any mutually convenient District Office. If you are to be represented by someone who is not one of your principal officers, he or she must file a proper power of

attorney and otherwise qualify under our Conference and Practice Requirements as set forth in Section 601.502 of the Statement of Procedural Rules. See Treasury Department Circular No. 230.

If we do not hear from you within the time specified, this will become our final determination.



Enclosures: 3

ENCLOSURE I

The Articles of Incorporation state that the specific purposes for which the association was formed shall be for the advancement of commercial and civic interest of

, and in furtherance of such object to engage in and conduct promotional programs and publicity, special events, decoration, cooperative advertising and other joint endeavors in the general interest and for general benefit of merchants in the Center; to promote and encourage ich civic, social and cultural functions and events as will benefit its members and community, and to encourage a spirit of cooperation and high business standards among its members. The association shall be conducted as a non-profit organization, and no part of the profits of the Association shall inure to the benefit of any member or other person.

The bylaws indicates three classifications of membership: general, management and associate. Membership in the Association shall be confined to those persons, firms, and corporations engaged in a business or a profession within the Center. Each representative of general and management members shall be entitled to one special vote for each monthly increment of \$ which such member is obligated to pay as dues. Associate members shall at no time have any rights to vote.

Your application Form 1024, Application for Recognition of Exemption Under Section 501(c)(6), lists several different activities which the association sponsors or receives a fee for the events that are conducted at the mall throughout the year. The association employs Customer Service Representatives and one Promotional Director. The Customer Service Representatives sell mall gift certificates, direct customers to stores, and provide information concerning the promotional events. The Promotional Director coordinate and is responsible for; a) involvement with community organizations to create events to help raise funds for community organizations; b) organize events to help generate sales and traffic at the mall; c) place advertisment to promote the overall efforts of the mall and the community.

The information submitted indicates that you will be financially supported by membership dues and fees received through promotional events. Your expenses will be primarily for advertising and salaries.

ENCLOSURE I, cont.

Section 501(c)(6) of the Internal Revenue Code of 1986 provides exemption from Federal income tax for business leagues not organized for profit, and no part of the net earnings of which inures to the benefic of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations states that a business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. The Regulations further state that the activities of a business league should be directed to the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual members.

In Rev. Rul. 73-411, 1973-2 C.B. 180, exemption under section 501(c)(6) of the Code was denied to a shopping center merchants' association whose membership is restricted to and required of the tenants of a one-owner shopping center and their common lessor, and whose activities are directed to promoting the general business interests of its members.

Based on the above facts and upon the applicable law and precedent, fails to qualify for exemption under section 501(c)(6) because has no common business interest other than a mutual desire to increase their individual sales through promotional activities. In this respect is similar to the organization denied exemption in Rev. Rul. 73-411, 1973-2 C.B. 180.